

Message Text

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ORIGIN NEA-03

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DRAFTED BY: NEA/INS:RDLORTON:MMK

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R 081913Z APR 74

FM SECSTATE WASHDC

TO AMEMBASSY KATHMANDU

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FOLLOWING RPEAT NEW DELHI 4557 ACTION SECSTATE INFO BEIRUT
ISLAMABAD JIDDA KUWAIT LONDON TEHRAN BOMBAY CALCUTTA MADRAS
04 APR

LIMITED OFFICIAL USE NEW DELHI 4557

BEIRUT PASS BAGHDAD

E.O. 11652: N/A

TAGS: ENRG, IN, IR, IZ, SA

SUBJECT: ENERGY: STILL ANOTHER CRUDE PRICE RISE

REF: A) NEW DELHI MEMCON DATED MARCH 25, 1974 (SUBJ: CALL BY
CALTEX REPRESENTATIVES (NOTAL); B) NEW DELHI 3601 (NOTAL)

1. CALTEX NEW DELHI REPRESENTATIVE V.T. KRISHNAMURTHY
INFORMED MINATT APRIL 3 THAT HIS FIRM HAS AGAIN RAISED ITS
PRICE OF CRUDE OIL IMPORTED TO INDIA. EFFECTIVE IMMEDIATELY,
CALTEX CRUDE IMPORTED FROM SAUDI ARABIA (ARABIAN LIGHT) WILL
BE PRICED AT DOLS 9.50 PER BARREL (F.O.B. OILPORT) -- UP FROM
THE DOLS 8.75/BBL QUOTED AS A "PROVISIONAL" PRICE ON MARCH 1
(REF A).

2. KRISHNAMURTHY SAID HE DELIVERED CALTEX LETTER PERSONALLY
TO PETROLEUM MINISTRY SECRETARY P. K. DAVE, AND ASKED FOR COMMENTS.
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HE CLAIMED THAT DAVE ACCEPTED THE NEW PRICE LEVEL "PHILOSOPHICALLY

AND WITHOUT ARGUMENT". IN AN UNUSUAL GESTURE, DAVE THEN REPORTEDLY GAVE KRISHNAMURTHY FULL LIST OF EXISTING PRICES PERTAINING TO ALL REFINERIES IN INDIA CONSUMING IMPORTED CRUDES. THIS IS INTERESTING DEPARTURE FROM THE NORM. THE GOI COMMONLY ATTEMPTS TO HOLD IN CONFIDENCE ALL DATA OF THIS NATURE UNTIL RELEASED OFFICIALLY IN PARLIAMENT OR THE PRESS. IN ANY EVENT, APRIL 3 PRICES GIVEN TO KRISHNAMURTHY (AND SUBSEQUENTLY CONFIRMED BY MINATT THROUGH OTHER OIL COMPANY SOURCES) ARE: ESSO (HINDUSTAN PETROLEUM CORPORATION LTD.), \$ DOLS 8.32/BBL (ARABIAN BLEND); BURMAH-SHELL, DOLS 9.12/BBL (IRANIAN LIGHT); CALTEX, DOLS 9.50/BBL (ARABIAN LIGHT); COCHIN, DOLS 11.00/BBL (IRAQI LIGHT); AND MADRAS, DOLS 11.25/BBL (IRANIAN LIGHT). (ALL PRICES LISTED ABOVE ARE F.O.B. OILPORT QUOTATIONS).

3. DAVE WAS "NONCOMMITTAL" WHEN QUERIED ON STATUS OF INDO/IRANIAN AND INDO/IRAQI DEFERRED PAYMENT DEALS, BUT REPORTEDLY NOTED THAT NONE OF THE CRUDE PURCHASED THUS FAR BY THE GOI IN 1974 WAS "INVOLVED".

4. EMBASSY CALCULATIONS INDICATE THAT, TO DATE DURING CY 1974, CRUDE OIL IMPORTS HAVE COST THE GOI ABOUT DOLS 218 MILLION FOR A JANUARY 1 - APRIL 3 CRUDE THROUGHOUT OF 22.6 MILLION BARRELS -- OR AN AVERAGE C.I.F. COST OF DOLS 9.66 PER BARREL DURING THIS PERIOD. C.I.F. COSTS OF CRUDE TO THE PRIVATE SECTOR REFINERIES AVERAGED DOLS 9.16/BBL, WHILE PUBLIC SECTOR REFINERIES PAID AN AVERAGE OF DOLS 10.93/BBL. THE TOTAL VOLUME OF IMPORTED CRUDE PROCESSED DURING THE FIRST QUARTER OF CY 1974 MATCHES PRECISELY THE LEVEL OF IMPORTS THE GOI RECENTLY ANNOUNCED IT WOULD MAINTAIN THROUGHOUT THE YEAR -- IMPORTS EQUAL ONLY TO THAT WHICH WERE RECORDED DURING 1972; 90.2 MILLION BARRELS (REF B).

SCHNEIDER UNQUOTE RUSH

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